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ABSTRACT

The state of Georgia provides funds to assist local school systems in meeting their needs for public school facilities. This overview examines the implementation of Georgia's Capital Outlay and Exceptional Growth Programs initiative, its implementation, the formula used to calculate each school system's entitlement earnings under both the regular Capital Outlay Program and the Exceptional Growth Program; the assessment process of the program; and program funding responsibilities by state, local, and school districts. The document concludes with forms for the scheduling of events of the local facilities plan and the capital outlay project. (GR)

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CAPITAL OUTLAY AND EXCEPTIONAL GROWTH PROGRAMS

OVERVIEW

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BACKGROUND

Georgia was one of the first states in the nation to provide funds to assist local school systems in meeting their needs for public school facilities. During the period from the early 1950s to the late 1970s, some state funding was provided to school systems experiencing extraordinary growth in student population, consolidating schools, or adding vocational facilities. Generally, legislative support for capital improvement of schools was limited to specific projects in specific systems. Many smaller systems and/or systems "out of political favor" had no chance to receive any state assistance to support long-range facilities planning. Then in 1978, legislation was enacted by the General Assembly to create a new capital outlay program that would provide funding to local school systems on a systematic and equitable basis. Under the Capital Outlay Program, funds would be provided to assist all school systems in meeting their specific, identified facilities needs--including renovations, modifications, and additions at existing facilities as well as the construction of new schools when needed. During the interim period between FY-1978 and FY-1981, state funding was appropriated to permit selected school systems to complete renovation activities at existing schools. In FY-1982, state funding was appropriated for the first time under the new Capital Outlay Program.

The goal of the Capital Outlay Program is "to assure that every public school student shall be housed in a facility which is structurally sound and well maintained and which has adequate space and equipment to meet each student's instructional needs." (Quality Basic Education Act of 1985, O.C.G.A. §20-2-260)

IMPLEMENTATION

Long-range planning is used to meet program goals. As shown on the "Local Facilities Plan Schedule of Events" (*Attachment 1*), each local school system develops a comprehensive, long-range facilities plan that includes the following items:

- the projected number of full-time-equivalent (FTE) students expected to be served;
- the organizational pattern, school sizes, and permanent school sites selected by the school system;
- the educational programs the system plans to deliver;
- an inventory of the existing schools;
- comprehensive needs assessment identifying the renovation activities and the modifications needed to bring existing facilities up to a standard condition and to meet program requirements;
- an identification of additions to existing schools and/or new schools which may be needed;
- cost estimates for all identified needs at each school to meet program and space requirements; and
- the eligible projects (schools) listed in priority order for funding.

Before a new facilities plan is approved by a local board of education and the State Board of Education, the plan must be reviewed and approved by a comprehensive survey team selected from an approved list of educators with expertise in the areas of administration, facilities, and curriculum.

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To ensure that each school system's plan is accurate and current, an annual evaluation is made of each facilities plan. During this annual update, each plan is adjusted to delete any projects which may have been funded and to reflect any changes which may have occurred in the system's projected FTE student population data. Every school system must complete a new needs assessment and develop a new plan at least once every five years. However, a system may need to develop a new plan prior to the end of its five-year planning period if significant, unforeseen changes occur, and the development of a new plan is necessary to accurately reflect the system's facility needs.

Each school system earns entitlement annually based on the system's total eligible facility needs in relationship to the total statewide facility needs. Each system's total facility needs are based on:

(1) the eligible construction needs included in the system's most recent facilities plan that has been approved by a survey team, the local board of education, and the State Board; plus
(2) the eligible principal and interest payments on local bonds for the five-year period corresponding to the system's plan.

ANNUAL *REGULAR CAPITAL OUTLAY PROGRAM* ENTITLEMENT EARNINGS

The following formula is used to calculate each school system's entitlement earnings annually under the ***regular*** Capital Outlay Program :

Eligible Construction Needs Identified in Each System's Long-Range Educ. Facilities Plan + Debt Service for 5-Year Period Corresponding to the Dates of the School System's Facilities Plan = Each System's Capital Outlay Needs

Each System's Capital Outlay Needs / Aggregate Total of All Capital Outlay Needs = Each System's Ratio of Needs to Total Statewide Capital Outlay Needs

System's Ratio of Capital Outlay Needs x Annual Program Authorization Level = System's Annual *REGULAR* Entitlement Earnings

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ANNUAL *EXCEPTIONAL GROWTH PROGRAM* ENTITLEMENT EARNINGS

Legislation was enacted in the 1993 session of the General Assembly to provide additional funding to assist school systems experiencing growth. Growth funding is only available to school systems experiencing growth and may only be used for new construction. Lottery funds were appropriated to fund the first applications submitted under the growth component of this program in FY-1996 and were used as the funding source for the Exceptional Growth Program again in FY-1997.

The following formula is used to calculate each school system's entitlement earnings annually under the Exceptional Growth Program :

1. Average Annual FTE for most recent three years - Average Annual FTE for the last three years prior to the last completed school year = Average Annual FTE Growth for Each System (Positive Nos. Only)
(Must be equal to or greater than 65 to qualify)

2. Average Annual FTE for most recent three years for each school system / Average Annual FTE for the last three years prior to the last completed school year for each school system = Each School System's Rate of Growth

(Must be equal to or greater than 1.5% to qualify)

3. ***ONLY THOSE SCHOOL SYSTEMS WITH AN AVERAGE ANNUAL FTE GROWTH THAT EQUALS OR EXCEEDS 65 (as calculated in 1.) and A RATE OF GROWTH THAT EQUALS OR EXCEEDS 1.5% (as calculated in 2.) QUALIFY TO EARN ENTITLEMENT UNDER THE EXCEPTIONAL GROWTH PROGRAM.***

4. Each ***ELIGIBLE*** School System's Average Annual FTE Growth / Total Statewide ***ELIGIBLE*** Growth = Each ***ELIGIBLE*** System's **Ratio of Growth**

5. ***ELIGIBLE*** School System's Ratio of Growth x Annual Program Authorization Level = Each ***ELIGIBLE*** School System's Annual Entitlement Earnings for *Exceptional Growth*

NOTE: Both Regular Capital Outlay Program and Exceptional Growth Program entitlement earnings may accumulate until such time as the school system decides to submit an application. Applications must be submitted in the priority order approved by the local board of education in their long-range facilities plan. The Budget Request submitted annually to the General Assembly for consideration is calculated at the $100,000,000, $80,000,000, $60,000,000, and $40,000,000 levels for the Regular Capital Outlay Program and the Exceptional Growth Program. Each year, the General Assembly must: (a) consider the applications submitted by school systems requesting state funding under each of these programs, (b) set the program authorization level for each program, and (c) determine the amount of state funds to be appropriated for the Capital Outlay Program and Exceptional Growth Program Applications submitted that year.

The State Board of Education requests the maximum program authorization level annually for the Regular Capital Outlay Program ***and*** the Exceptional Growth Program. In this way, the annual entitlement earnings level for each school system will be at the highest possible level each year. However, as mandated by law, calculations must be made annually on at least three levels below the $100 million maximum authorization level.

At the beginning of each fiscal year, it is the responsibility of each system to decide if: (a) they will submit an application to use the entitlement earned to complete the next priority in their facilities plan; or (b) they will allow their entitlement earnings to accumulate until sufficient entitlement and required local matching funds are available to complete the next priority in their facilities plan.

Each system's required local participation is based on the wealth per full-time-equivalent (FTE) students reduced by an amount equal to no more than 75 percent of the system's annual debt service payments of principal and interest on local bonds issued for eligible construction projects. However, no school system's *required* local participation cannot be set at a level greater than 25 percent nor less than 10 percent of the state approved construction costs. The level of funding provided in the applications submitted by school systems is contingent upon the appropriation of funds by the General Assembly. The funding level in a system's application may be adjusted downward, or the system may elect not to participate if the authorization level set by the General Assembly is at any of the levels below the $100 million level. State funds appropriated may be derived from cash (e.g. the lottery funds) or from the sale of state general obligation bonds.

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Once the General Assembly has appropriated funds for the Capital Outlay and Exceptional Growth Program Applications and the funding source is known, the school systems are notified when the funds will become available. To implement the project, the system must select an architect and execute the architectural contract provided by the Facilities Services Section, Georgia Department of Education. As shown on the "Capital Outlay Project Schedule of Events" (*Attachment 2*), the system should schedule a pre-design conference before the design work actually begins. Preliminary, check-set, and final plans and specifications for the work to be done must be submitted to the Facilities Services Unit (and approved) prior to advertising for bids. Once a contract has been awarded, a pre-construction conference should be scheduled with the Facilities Services Section to discuss the reimbursement process and accounting procedures with the architect and system personnel, and to resolve any issues which may be problematic during the construction phase of the project.

Each school system's facilities plan and the subsequent applications required to implement the plan are developed in a collaborative effort, with the Facilities Services Section staff providing technical assistance and consulting services to the school system throughout the planning and implementation process. The Facilities Services staff is responsible for providing technical assistance and support services in the areas of planning, budgeting, financing, operations, safety, and maintenance of educational facilities.

OUTCOMES

Outcomes for the Capital Outlay Program are measured in terms of the successful development and implementation of facilities plans by all of Georgia's 180 school systems. When all school systems have completed their long-range facilities plans and are making satisfactory progress toward implementing their plan to provide adequate school facilities for all of their students, the goals of the Capital Outlay Program are being met. At this time, all 180 school systems have a long-range facilities plan and are making satisfactory progress toward implementing their plans.

FUNDING

State and local funding must be provided as a joint effort if adequate school facilities are to be provided for all of Georgia's public school students. The long-range facilities plans developed by school systems and the subsequent applications submitted under the Capital Outlay and Exceptional Growth Programs only address construction costs for the building itself. In these applications, state funds are linked with the required local matching funds and any additional local funds which may be required to cover all costs associated with the building construction. The school systems are responsible for providing the required local matching funds included in the system's Capital Outlay application, as well as any local funds which may be needed for site purchase, site development, furniture and loose equipment that is not permanently affixed to the building, paving and parking lots, etc. Therefore, providing adequate public school facilities is truly a joint effort.

LOCAL FACILITIES PLAN
SCHEDULE OF EVENTS

_____SCHOOL SYSTEM

ACTIVITIES	SCHEDULED DATE OF COMPLETION	PEOPLE INVOLVED	PROCEDURES FOR IMPLEMENTATION
Facilities Study	_____	Local Board of Education, Superintendent & Appropriate Local Staff, Facilities Services Consultant, and Appropriate State Staff Members	Resolution for Study filed with Facilities Services
System Orientation	_____	Superintendent & Appropriate Local Staff and Facilities Services Staff	Schedule with Facilities Services Consultant
Student Population Projections	_____	Appropriate Local Staff & Facilities Services Staff	Projections provided by Facilities Services Unit
School Size & Organizational Study	_____	Local Board of Education, Superintendent, Local & State Staff and Community Representatives if desired and invited by local system	Local Board of Education adopts System Organization and School Sizes
Instructional Program and Construction Needs Identified for Each School	_____	System's Facilities & Curriculum Staff, School Administrators, Facilities Services Consultant, and System's Architect	Survey is completed for each school, including identification of programs, construction needs, and cost estimates
System Needs Prioritized	_____	Local Board of Education, Superintendent, and Appropriate Local & State Staff	Include as Summary for Facilities Plan
Survey Team Review	_____	Appropriate Educators from State Approved List of Survey Team Members	Scheduled by Facilities Services Unit
Facilities Plan Adopted	_____	Local Board of Education and State Board of Education	File with Facilities Services Unit
Annual Review	_____	Appropriate System Staff and Facilities Services Consultant	Update Student Population Projections and Distribution of Students, and Update Construction Needs

CAPITAL OUTLAY PROJECT
SCHEDULE OF EVENTS

SCHOOL SYSTEM _____
PROJECT NAME _____
PROJECT NUMBER _____

ACTIVITIES	SCHEDULED DATE OF COMPLETION	PEOPLE INVOLVED	PROCEDURES FOR IMPLEMENTATION
Facilities Plan	_____	Local Staff, Facilities Services Consultant, and Appropriate State Staff	Select the next priority(ies) in Facilities Plan and use new projections to update Plan
Project Application	_____	Local Staff, Facilities Serv. Consultant	Submit to Facilities Services, Develop & approve by Sept. 1, Delete from Tabulation of Priorities in Plan
Architecural Contract	_____	Appropriate System Staff & Architect	Select architect, negotiate and sign contract, submit copy of contract to Facilities Services
Construction Management Contract (if applicable)	_____	Appropriate System Staff & Construction Management Firm (if applicable)	Select construction management firm (if appl.), negotiate and sign contract, submit copy of contract to Facilities Serv.
Pre-Design Conference	_____	Appropriate System Staff, Architect, Construction Management Firm (if applicable)	Schedule with Facilities Services Unit
Approve Drawings and Specifications for Project	_____	Facilities Services Architect and System	Submit preliminary plans, submit check set drawings for review, submit revised drawings for final approval
Advertisement	_____	System and Architect	Advertise for 30 days after final approval of drawings and specifications is received
Bid Opening	_____	System, Architect, and Construction Manager (if applicable)	Schedule with Facilities Services
Certified Tabulation of Bids	_____	System and Architect	Submit certified copy to Facilities Services Unit
Construction Contracts	_____	System, Architect, Construction Management Firm (if applicable)	Submit copy of contract to Facilities Services Unit

Schedule of Events --Capital Outlay Projects (Continued)

ACTIVITIES	SCHEDULED DATE OF COMPLETION	PEOPLE INVOLVED	PROCEDURES FOR IMPLEMENTATION
Performance and Payment Bonds	_____	System, Architect, and Construction Management Firm (if applicable)	Submit copy of Performance and Payment Bonds (supported by Power of Attorney) to Facilities Services
Requests for Reimbursement	_____	System, Architect, Construction Manager (if applicable), and Facilities Servies	Submit appropriate forms to Facilities Services for review, approval, and payment
Final Inspection	_____	Architect, Construction Manager (if applicable), System, and Facilities Services Representative (when possible)	Schedule with Facilities Services Unit
Final Request for Reimbursement		Architect, Construction Manager (if applicable), and Facilities Services Unit	Submit documents to Facilities Services Unit
Board of Education's Statutory Affidavit	_____	School System	Adopted by Local Board of Educ., Submit to Facilities Services Unit
Architect's Final Certificate	_____	Architect	Submit to system and to Facilities Services Unit
Project Cost Certification	_____	System, Facilities Services Unit	Developed by Facilities Services Unit based on documentation submitted by system, sent to system for review and approval, system to return approved and signed copy to Facilities Services